GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3613
ANSWERED ON:17.04.2008
SUPPLY OF IRON ORE
Singh Shri Prabhunath

Will the Minister of STEEL be pleased to state:

(a) whether the Government has received any request from the Indian Chambers of Commerce to prioritise supply of iron ore to domestic steel producers and at a reasonable price;

(b) if so, the details thereof;

(c) the reaction of the Government thereon;

(d) the number of companies having captive mining leases as of now;

(e) the production achieved out of the above mining leases during the last three years; and

(f) the measures taken or proposed to be taken to ensure maximum mining operations in the leased mines?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA)

(a) Yes, Sir. The Government has received a Report of Indian Chamber of Commerce (ICC) on Iron ore recently (in April, 2008).

(b) The recommendations contained in the Report of the ICC are annexed (Annexure-1).

(c) As far as recommendations regarding export of iron ore are concerned, the policy regarding export of iron ore has been considered by the Government. It has been decided that even though conservation of iron ore resources of the country is of paramount importance, the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Presently, Govt. of India has imposed an export duty of Rs. 300/- per tonne on export of all varieties of Lumps and on export of 62% and above Fe content fines and an export duty of Rs. 50/- per tonne on iron ore fines having Fe content less than 62%.

As regards recommendations pertaining to iron ore mining/ prospecting leases, it is informed that the mineral concessions for iron ore are granted in accordance with the provisions of the Mines & Mineral(Development & Regulation) Act, 1957 and Rules made there under. The Government is fully aware of the need of long term availability of adequate quantity of good quality iron ore for domestic steel industries and the need to maximise domestic value addition. In this regard, the Government has approved National Mineral Policy 2008 and along with it, has also given in-principle approval to the High Level Committee`s(Hoda Committee) recommendations on the basis of consultations with State Governments, Inter-Ministerial consultations and recommendations of the Group of Ministers(GOM), which takes care of the interests of value adders in grant of mineral concessions for iron ore.

As far as iron ore linkage is concerned, it may be stated that NMDC, India`s largest iron ore producing company and a major PSU under Ministry of Steel, accord priority to domestic steel industry for supply of iron ore by entering into long term agreements with major domestic steel producers. However, as far as pricing of its products is concerned, it may be stated that after de-regulation of steel industry, prices of iron ore are governed by market forces and demand supply scenario and the company is free to fix prices based on international market scenario and terms and conditions of its long term agreements. It is, however added that long term agreement prices of iron ore of NMDC are presently much lower than spot prices of iron ore prevailing in the market.

(d)&(e): As per the available information, a statement of iron ore production in captive mines during the last three years and in 2007-08(upto December` 2007) is given below:

(Quantity in 000 tonnes)

Name of the company	2004-05	2005-06	2006-07	2007-08 (Prov.) (Upto Dec`07)
Indian Iron & Steel Co. Ltd.	1992	2961	1962	2347
Jindal Steel & Power Ltd.	2030	1845	2277	1645
Sharda Energy & Minerals Ltd.	76	171	196	114
Orissa Mining Corpn. Ltd.	413	461	380	235

Steel Authority of India Ltd.	19922	20952	21587	16270
Tata Iron & Steel Co. Ltd.	10730	10594	10070	7639
Visvesvaryaya Iron & Steel Plant	39	-	-	-
Total	35202	36984	36472	28250

(Source: Ministry of Mines)

(f) The production of iron ore is directly related to its demand. Presently, the total production of iron ore in India is quite high in comparison to the demand of domestic iron and steel industries and iron ore in large quantity is being exported. For example, during 2006-07, the country produced 181 million tonne of iron ore out of which, domestic steel industry consumed about 68.504 million tonne of iron ore (Estimated), whereas 93.79 million tonne of iron ore was exported (Provisional). Further, it may be mentioned that Government has approved National Mineral Policy, 2008, so as to attract technology and investment on the required scale in exploration and mining, optimize extraction of resources in volume & value, and develop the mining sector up to its potential so as to enable it to contribute substantively to the country`s GDP.

(Source: Ministry of Mines for production and domestic consumption and Department of Commerce for Export)